



**Testimony Before the Insurance and Real Estate Committee
March 15, 2022**

**In support of
SB 355 AN ACT ESTABLISHING THE 340B DRUG PRICING NONDISCRIMINATION ACT.**

Sen. Lesser, Rep. Wood, Sen. Anwar, Rep. Comey, Sen. Hwang, Rep. Pavlock-D'Amato and members of the Committee:

Thank you for this opportunity to provide testimony regarding SB 355, which proposes to prevent discrimination on the part of insurers or pharmacy benefit managers (PBMs) for payment terms with 340B participating entities. The Connecticut Pharmacists Association represents more than 1,000 pharmacists, technicians, and students across all sectors of the pharmacy profession in Connecticut.

Congress created the 340B Drug Pricing Program in 1992 to protect safety-net hospitals from escalating drug prices by allowing them to purchase outpatient drugs at a discount from manufacturers. The program provides communities with access to life-saving services at no cost to taxpayers because the financial support comes from manufacturer discounts. Covered entities often use the savings they accrue to provide additional services to low-income and uninsured patients.

However, PBMs have attempted to undercut this vital program through contracts that have lower reimbursement rates when drugs dispensed are purchased at the 340B price. In some cases, PBMs have gone further and excluded 340B covered entities' pharmacies from pharmacy networks entirely. The effect is that the cost savings enabled by the 340B program go to the PBMs and not to the safety-net hospitals and other covered entities as originally intended.

Many of Connecticut's health-system pharmacies, independent pharmacies, community health centers, and Disproportionate Share Hospitals utilize the savings generated by the 340B program to help offset the often-huge costs of uncompensated or under-compensated care (one of Connecticut's health systems, for instance, provides uncompensated or under-compensated care totaling more than \$600 million annually) and to help underwrite their 340B pharmacy practices. If the 340B program's cost savings are steered away from the qualifying entities and back to the PBMs, then the ability of these safety-net facilities to serve Connecticut's patients will be severely impacted. Savings from the 340B program were never intended to benefit for-profit, third-party benefit managers.

Since 2019, at least 16 other states have adopted legislation to protect 340B covered entities and their pharmacies from discriminatory reimbursement practices, and 340B "anti-pickpocketing" bills are currently under consideration in Florida, Kentucky, Missouri, Nebraska, and New Hampshire. We urge you to support SB 355 and to protect the ability of Connecticut's most vulnerable to access the drugs they need.

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